

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **September 26, 2006, Work Session**

AGENDA ITEM NO.: 3

CONSENT:

REGULAR: X

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: X

ITEM TITLE: **Community Market Update**

RECOMMENDATION: No action required. Unless directed otherwise, staff will proceed with final design and construction of renovations to the interior of the market, final design and construction of the Market Square, and design and construction of a cut-back of the market deck in conjunction with the *Market Lofts* project.

SUMMARY: The purpose of this report is to update City Council on the status of work in completing the recommendations of the Community Market Task Force and to brief Council on the planned next steps. The recommendations of the Community Market Task Force, approved by Council in February 2005, focused on improving the management of the market, converting the parking lot to a Market Square, renovating the interior of the market, and improving the merchandising and marketing of products and vendors.

Staff has established the following goals for the Market:

- 1) Realize the full potential of the Lynchburg Community Market as a public market and public space.
- 2) Make the Market a successful six-days a week retail operation.
- 3) Ensure the Market supports the investments and revitalization of downtown, particularly in the area around 12th and Main Streets.
- 4) Reduce the reliance on general fund dollars, moving the Market towards self-sufficiency.

The City hired a local firm, Calloway Johnson Moore and West (CJMW), to provide architectural services for the design of the interior renovations and the Market Square. As part of the work, CJMW, enlisted the assistance of Market Ventures, Inc. to conduct market research, develop merchandising and design concepts, conduct a financial analysis of the market, and develop management and operations guidelines. This phase of the work resulted in a redevelopment plan that outlines, in detail, a proposed merchandising mix, an interior design concept, a business plan that leads to operational improvements and financial self sufficiency, and a management plan for operations after renovations. There are several conclusions from the report that drive future design decisions. These conclusions are included as an attachment in a summary report for Council's review. As a result of the redevelopment plan and the construction of the *Market Lofts*, staff intends to take the following next steps:

- 1) Construction of the *Market Lofts* is proceeding with the renovation of the James T. Davis building to be completed in January 2007. The City is working in partnership with the developers to finalize designs and construction of a cut-back of the market deck abutting the James T. Davis building. The cut-back includes the design and construction of two stairwells that allow access to the lower level of the *Market Lofts* commercial space. This work will be coordinated with the overall design of the Market Square. Also included in this phase of work is a final study for developing the basement of the market building into usable parking spaces. Current estimates are that the space can accommodate 50 parking spaces. The cut-back is on schedule to be completed in January 2007.
- 2) Proceeding with final schematic design of the interior of the Market and the Market Square. The final designs will be guided by the redevelopment plan prepared by Market Ventures, Inc. Most significantly the redevelopment plan recommends reducing the permanent vendor space from approximately 20,000 square feet to 15,000 square feet. The remaining square footage would be designed as a space that generates additional revenue and is much more flexible in use for events, community meetings, a weekend market, and craft shows. This phase will also include development of a final cost estimate and schedule for the construction phase.
- 3) Proceeding with a review of all market policies, rules and procedures. A new vendor handbook and leasing agreements will reflect the recommendations made by both Market Ventures, Inc. and Project

for Public Spaces. Staff is also proceeding with policies and procedures that move the market mix towards one based on locally grown and prepared foods, local agricultural products and local artisans.

- 4) Staff is continuing work to shift day to day management of the Market from the City to a nonprofit organization. The initial discussions with Lynch's Landing have been positive.

PRIOR ACTION:

February 22, 2005 Work Session

FISCAL IMPACT:

Cost estimates for the renovation are as follows:

- Parking lot in basement of Market building: \$5,000 per parking space, 50 spaces for a total cost of \$250,000
- Cut-back of market deck: \$175,000
- Market Square final design and construction: \$1.5 million
- Interior Renovation final design and construction: \$1.5 million

These costs need to be refined as schematic and construction documents are finalized.

The following funding is appropriated and available:

\$236,000 Market Parking Deck, FY 2005

\$186,000 Community Market Interior Renovations, FY 2006

Staff is requesting additional capital funding for FY 2008.

CONTACT(S):

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ATTACHMENT(S):

Summary Report of the Redevelopment Plan

REVIEWED BY: lkp

**Summary Report
Redevelopment Plan for the Lynchburg Community Market
September 26, 2006**

Market Ventures, Inc. (MVI) completed a Redevelopment Plan for the Lynchburg Community Market as the first phase in developing designs for the interior market renovations and conversion of the market parking lot to a public Market Square. This plan is important as MVI conducted extensive market research and developed pro formas for prospective businesses for the retail space in the market. Staff believes it is important to understand the potential of the market as successful retail space prior to finalizing the designs for renovation. This report summarizes the findings of MVI. The complete report is available upon request.

Market Research

Two focus groups were held that explored the attitudes of current and potential market customers. The report states the following as conclusions from the focus groups:

- “Confirmed that the Community Market is perceived as “two markets” – the Saturday market, which is very popular and universally loved; and the weekday market, which evoked more ambivalence.
- The Market has a strong emotional attachment to long time Lynchburg residents, who feel it is a critical link to the city’s history and traditions.
- There is little support for the current crafts, which were described as “junky” and “nanny crafts”, but there was strong interest in having more high quality crafts at the Market.
- There is great support for making physical improvements to the Market but they don’t want it to change too much. There was interest in keeping the Market simple and historical, while improving bathrooms, adding more lighting, and making the space feel less cold.
- Participants liked the idea of a plaza without customer parking but were concerned about parking in general.
- Overall, participants expressed low expectations about what the Market should be but believe that it has high potential.
- There was a variety of attitudes about operating hours, but general support for longer hours. While some customers would like the farmers’ market to open later in the morning and stay open later in the afternoon, others felt the Market should serve the needs of farmers, which they perceived as meaning the Market should open very early.
- The participants felt that many people they know are not aware of the Market and it will need to be reintroduced once improvements are made.
- Overall, there is not a strong culture of local foods. While nearly all of the participants like shopping from farmers at the Market, they do not have a general ethic about local foods and they do not seek out local foods elsewhere.
- The Market is perceived as a good place for community events and they support having more events there”.

The MVI project team visited the market on four different occasions, interviewing vendors and customers and drew similar conclusions as those from the focus groups. MVI was also furnished with all meeting notes and conclusions from the Community Market Task Force. The project team met with representatives of the task force to discuss the varying perspectives.

MVI also conducted a customer demand analysis to quantify the potential demand for fresh prepared foods and estimate how many square feet of retail space that the Lynchburg Community Market can successfully support. The customer demand analysis included examining demographics in three trade areas (.5 mile, .5-5 mile and 5-20 mile radius from the Market). A food purchasing index was developed that compares local expected purchases to the national average.

Finally, a competitive analysis was conducted to assess the availability of fresh foods and locally owned and operated restaurants. This research was conducted by touring Lynchburg and visits to local businesses.

The primary conclusions from the market research are as follows:

- There is limited opportunity to expand the amount of fresh and prepared foods at the market.
- The customer base for a weekday market is limited and not anticipated to increase dramatically in the immediate future. The anticipated growth in downtown housing and businesses will increase the demand for restaurants, grocery items and gifts, but not to the point of creating a demand that leads to retail success for the current amount of space available at the market.
- The report states, "In the foreseeable future, there is neither supply nor demand to fill the indoor market with food businesses- the space is simply larger than needed for a six day a week operation".
- The strongest demand for handmade crafts is through expanding craft fairs and a weekly artisan market. The current use of the market hall for selling crafts six days a week is not conducive to a successful market.
- The Saturday farmers market is strong, well liked and has the capacity to grow.

Merchandising and Design Concept

The redevelopment concept is summarized in three parts:

- "Weekly, seasonal sales, including the outdoor farmers' market under the shed on the plaza
- Indoor market hall with restaurants and retailing
- Flexible space for indoor farmers' market, crafts, meetings, and events, utilizing the Armory Hall (second floor), new events space within the indoor market, and the outdoor plaza."

The proposed market hall tenant mix for permanent vendors includes a bakery/café, grocery/cheese/wine store, specialty food/gifts store, a florist, a consignment craft shop and locally operated restaurants.

The design also creates a flexible space for indoor daily vendors, community meetings, event space and craft fairs. Events are popular at the market and the Market Square and new community space will allow for expansion of these popular activities. Although space will be limited for permanent craft vendors in the market hall, a community room will support day vending, art shows and craft days to greater extent than currently available.

The Saturday outdoor farmers market is popular and successful. Over time more emphasis will be placed on local farmers and local products and the farmers market may be able to expand to a two-day a week market.

Market Design

The primary components of the market conceptual design as stated by MVI include the following:

- “Consolidate restaurants and permanent retail. The principal change is to cluster all the permanent restaurants and retail on one side of the building, closest to the outdoor farmers’ market shed. These businesses are clustered around a single common central seating area, rather than the split seating areas that currently exist. By grouping the businesses together, the Market should gain regain the synergy found in fully tenanted public markets.
- Develop flexible vendor space with moveable partitions. Rather than permanent vendor space that is underutilized, the plan envisions flexible vendor space that is only used during designated market times. This flexible vendor space can be adjacent to the new glazed wall at the front of the permanent vendor area (replacing seating areas) and on the south side of the Market hall. Partition walls allow the space to be reduced, as needed, depending on the number of vendors who are renting space or the size of the event. When no activities are taking place in this area, the area can be closed and savings can be realized by shutting the lights and HVAC operation (if zoned).
- Create events spaces. When the flexible space is not used for vending, it can be used for events. Storage space is allotted to hold the periodic vendors’ tables and chairs. This requires an operating change, because vendors will no longer be allowed to leave their products in place when not attended. Through the use of partition walls, the events space can be either very large (approximately 5,000 sf), or reduced into a number of smaller rooms. These rooms can then be rented for meetings and events. The events space also connects into the plaza and the all-purpose room in the Armory, above. Large scale events can make use of all three zones.
- Develop catering/demo kitchen for education and events. A demonstration and catering kitchen is included within the events space, which can be used for both classes and events. The demo kitchen allows the Market to provide a series of cooking and nutrition education classes, for children and adults. Again, the use of partition walls allows the demo kitchen to be within an intimate classroom setting or within a much larger space if a celebrity chef is brought to the Market.
- Improve indoor/outdoor connection. Another major change is to improve the indoor outdoor connection. This is done by bringing the building edge out to the front of the Armory, with new glazed walls rather than the overhang that exists today. The roll-up garage doors will be replaced by windows and entrance doors. A new suspended canopy would be added to the building edge to provide shade to the building edge and improve the articulation of the building at this level.
- Dedicated seating. New dedicated seating would be added to both indoor and outdoor areas. The dedicated seating would be within the leasehold of the bakery/café and one restaurant, expanding the Market’s leasable area and shifting the maintenance burden from Market staff to the tenant. This area could be partitioned to allow the consumption of alcohol beverages, perhaps limited to evening hours.
- Bathrooms. The plan envisions an upgrade of the existing set of bathrooms as well as new bathrooms in the permanent vendor space.”

Financial Analysis

The analysis includes operating statements for each permanent shop, revenue projections and operating budgets for the market. The report recommends slight increases in rents over time to keep pace with rental rates in the downtown area. The report also recommends a common maintenance area charge and a fee for marketing. The report concludes that, with renovations and implementing the merchandising and management recommendations, that the market can become almost self sufficient in three-five years. Limited general fund dollars will be needed for maintenance of the market hall, Armory and Market Square, but the reliance on general fund dollars can be greatly reduced.

The MVI report confirms the belief that day to day operations of the market should be in the hands of a non-profit that can establish a clear vision and mission for the market. A non-profit is better able to establish, support and enforce best management practices for a successful Community Market.